

What to Expect From an Audit

The Nevada Gaming Control Board's Audit Division performs full audits of all nonrestricted Group 1 licensees approximately once every three years. The division does not give licensees advance notice about when it will open an audit. Instead, Audit Division auditors give this notification during the audit opening when they present an audit introduction letter to the person in-charge of the casino (e.g., the casino shift manager). The introduction letter announces the audit, introduces the auditor-in-charge (AIC) of the audit, specifies the time period being audited, and identifies the documents and other information the division will need to conduct the audit.

After auditors present the introduction letter, they proceed with the audit opening by requesting **immediate** access to the cage, counting rooms, and all other secured or unsecured areas within the casino. Auditors generally observe one or more counts during the opening, and they count the funds in the casino cage and all other bankrolled areas in the casino. The length of an audit opening depends upon the size of the casino; however, it usually lasts several hours.

At some point during the opening, the AIC of the audit will meet with the controller or some other responsible member of the accounting department to discuss the documents and information being requested in the introduction letter. The Audit Division usually requires these documents and this information to be provided within 10 calendar days of the audit opening date. The AIC will also brief the accounting department representative about the immediate and long-term plans for the audit, and will make arrangements for the audit staff to have a secure work space for the duration of the audit.

During the course of the audit, Audit Division auditors will conduct numerous inquiries, examine and review a variety of documents and records, make a number of requests, and perform many observations. The Audit Division recognizes the additional burden that an audit places on licensee employees. Therefore, auditors will generally attempt to accommodate employees whenever possible (e.g., perform interviews at a "better time", allow additional time to provide information or documentation, etc.). However, the Audit Division expects licensees and their employees to show diligence in complying with requests.

The length of an audit depends on many factors including, but not limited to, the size of the licensee being audited and the problems encountered during the audit (e.g., violations, audit adjustments, record retrieval problems, etc.). Depending upon these factors, an audit may take several weeks or several months to complete. Obviously, audits are completed much faster and more smoothly when licensees are cooperative and comply with Audit Division requests in a timely manner.

Once the division has completed audit field work, the AIC will meet with the controller or some other appropriate licensee representative to **informally** discuss the findings of the audit. This is

called an exit conference. At this point, the audit findings are still subject to at least one more level of review. Therefore, the purpose of the exit conference is to discuss the division's tentative findings and to allow licensees an opportunity to provide additional information that may change the audit findings (e.g., information that might eliminate a violation or an audit adjustment). The tone of the meeting is meant to be very informal and non-confrontational.

After the exit conference, usually within a few weeks, the Audit Division will hold a closing conference (pursuant to Regulation 6.020) with appropriate licensee management personnel to formally review the audit findings. The AIC, the assigned Audit Supervisor and Audit Manager and, in some cases, a Chief Deputy Auditor will represent the Audit Division at this meeting.

Licensee representatives have an opportunity to again provide information that may change the division's audit findings. If after the meeting licensee representatives have material disagreements with the audit findings, Regulation 6.020(3) allows them 10 **calendar** days from the date of the closing conference to submit **written** evidence as to why the results of the audit should not be accepted. The Board shall consider any such written submission prior to making a determination about the audit findings at Audit Committee. Audit Committee is a meeting at which the Audit Division presents its findings to the Board.

If the Audit Division determines, and the Board agrees, that a licensee is required to pay additional fees and taxes or finds that the licensee is entitled to a refund of fees and taxes, the licensee will receive written notification of this fact within approximately two weeks after the date of Audit Committee. Additionally, if any violations were noted during the audit, licensees usually receive a violation letter within a month from the date of Audit Committee.